

**Report of: Chief Officer Property & Contracts**

**Report to: Director of Environment and Housing**

**Date: September 2014**

**Subject: Replacement of vehicles within Construction Services**

**Capital Scheme Number : 32212 000 000**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

## Summary of main issues

1. This report seeks to inject £1,147k into the Capital Programme and give authority to spend on the purchase of 65 replacement vehicles for Housing Leeds Construction Services.
2. The purchase of the replacement fleet will be funded through the Housing Revenue Account by utilising some of the projected 2014/15 surplus.

## 1 Recommendations

- 1.1 The Director of Environment and Housing to approve the injection of £1,147k into the Capital Programme to fund the purchase of 65 vehicles for Construction Services. The injection will be funded through the projected surplus on the 2014/15 Housing Revenue Account.
- 1.2 The Director of Environment and Housing to approve the tender and award Authority to Spend (ATS) of up to £1.147m for the replacement of 65 service vehicles in 2014/15

## **2 Purpose of this report**

- 2.3 The purpose of this report is to seek approval to inject resources into the capital programme and give authority to spend on the replacement of 65 vehicles currently operated by Construction Services. These vehicles are being replaced either because they have exceeded their normal life and have been identified by Fleet Services as being in need of replacement, or their leases have ended.

## **3 Background information**

- 3.1 Construction Services is the in house service provider, formerly based within the East North East Homes ALMO, for the delivery of a comprehensive repairs and maintenance service to Council houses for the whole of the East North East area.
- 3.2 Construction Services, when it was part of East North East Homes Leeds, entered into an agreement with LCC to extend leases at a reduced rate (and maintenance regime) for low mileage vehicles due for replacement at the end of the usual Council 4/5 year lease term. This affected 43 vehicles in total falling due for replacement between April 2010 and March 2013. These vehicles are now around ten years old and despite still being low mileage they have now reached the point where they are no longer economical to operate and are impacting on service delivery due to lost time due to breakdown/ recovery of vehicles.
- 3.3 In addition Construction Services have not replaced other vehicles due for replacement since April 2013 and have simply allowed the leasing agreements for these vehicles to run-on. At present there are 9 vehicles with leases ending in 2013/14 and 13 with leases ending in 2014/15 that have over-run their expected lease end date. These vehicles are still charged at the original lease rate following the transfer back into the Council.
- 3.4 In summary there is a requirement to replace 65 vehicles in the current financial year at a total capital cost of £1.147m.

## **4 Main issues**

- 4.1 The following table provides an outline summary of the vehicles to be included in the programme of replacement. The estimated total capital value has been provided by Fleet Services and the actual spend will be determined through a competitive procurement process.

Type	Int/ Ext Lease	Year of Lease Expiry	No. of Veh	Capital Cost	Treatment
Transit Connect T220SWB	Ext	2009/10	8	104,000	Extended
Transit T280SWB Van	Ext	2009/10	12	180,000	Extended
Transit T330SWB Van	Ext	2009/10	1	18,000	Extended
Transit T350 Pick up D/Sid	Ext	2009/10	1	22,000	Extended
<b>Total Ext. Leased Ext'd</b>			<b>22</b>	<b>324,000</b>	
Transit T350M Tipper	Int	2009/10	1	24,000	Extended
Transit Connect T220SWB	Int	2010/11	2	26,000	Extended
Transit T280SWB Van	Int	2010/11	4	60,000	Extended
Transit T330SWB Van	Int	2010/11	2	36,000	Extended
TRANSIT CHASIS CAB 2400	Int	2011/12	4	94,000	Extended
Transit T280SWB Van	Int	2012/13	2	30,000	Extended
Transit 350 MWB Tipper	Int	2012/13	3	66,000	Extended
Iveco ML75E Tipper T/L	Int	2012/13	3	141,000	Extended
<b>Total Int. Leased Ext'd</b>			<b>21</b>	<b>477,000</b>	
Transit T280SWB Van	Int	2013/14	8	120,000	Run On
Focus TDCi Estate Car	Int	2013/14	1	17,000	Run On
Transit T280SWB Van	Int	2014/15	6	90,000	Run On
Transit Connect T220SWB	Int	2014/15	3	39,000	Run On
Transit 350 Jumbo Van	Int	2014/15	4	80,000	Run On
<b>Total Int. Leased Run On</b>			<b>22</b>	<b>346,000</b>	
<b>Overall Total</b>			<b>65</b>	<b>1,147,000</b>	

4.2 Full details of the vehicles to be replaced are attached in Appendix 1 together with the estimated replacement costs. Replacing the vehicles using HRA funding will save on leasing charges.

4.3 Future decisions around the replacement of fleet from April 2015 will need to be taken in the context of the proposed merger of Property Maintenance and Construction Services.

#### 4.1 Consultation and Engagement

4.1.1 Fleet Services have consulted with service managers within the Directorate on the vehicle replacement schedule and the specifications of the vehicles required.

#### 4.2 Equality and Diversity / Cohesion and Integration

4.2.1 An Equality, Diversity, Cohesion and Integration screening for the proposed capital scheme has been carried out and this concludes that a full Equality Impact Assessment (EIA) is not required

#### 4.3 Council policies and City Priorities

4.3.1 The replacement of the fleet Vehicle will be purchased in accordance with the Council's procurement policies.

4.3.2 A framework contract exists for the replacement of all the vehicles and companies on the framework will be invited to tender.

4.3.3 The use of vehicles with the latest Euro exhaust emission standards contributes to the Local Transport Plan by reducing the Councils business travel CO<sup>2</sup> emissions

#### 4.4 Resources and value for money

4.4.1 The estimated capital cost of replacing these vehicles is £1,147k and the cost of their purchase will be funded through the projected 2014/15 HRA surplus.

4.4.2 Since Construction Services currently resides within the Housing Revenue Account and works exclusively on repairing and maintaining Council Houses then there is no requirement to reflect a charge for the use of the asset in their charge out rates. However should the proposed merger of Construction Services and Property Services result in Construction Services being based outside of the Housing Revenue Account then there would have to be an appropriate charge from the HRA for the use of the asset.

4.4.3 As Construction Services recover all costs in the charges levied for its services they will need to build this cost into their charge out rates.

#### 4.4.4 Capital Funding & Cash Flow

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2014 £000's	FORECAST				
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
<b>TOTALS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Authority to Spend required for this Approval</b>							
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2014 £000's	FORECAST				
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
Transport (4)	1147.0		1147.0				
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
<b>TOTALS</b>	<b>1147.0</b>	<b>0.0</b>	<b>1147.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total overall Funding (As per latest Capital Programme)</b>							
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2014 £000's	FORECAST				
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018 on £000's
RCCO (3)	0.0						
	1147.0	0.0	1147.0				
	0.0						
Total Funding	1147.0	0.0	1147.0	0.0	0.0	0.0	0.0
<b>Balance / Shortfall =</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

#### 4.5 Legal Implications, Access to Information and Call In

4.5.1 Appendix 1 to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial affairs of the authority which, if disclosed to the public would, or would be likely to prejudice the commercial interests of the Council. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption.

4.5.2 Upon final evaluation of the tenders, the delegated decision to purchase the vehicles by accepting tenders will be an administrative decision.

## **4.6 Risk Management**

- 4.6.1 The tendering risks have been carried out via the usual contracting process by the Corporate Procurement Unit. The contract risks will be monitored once the contract is up and running.

## **5 Conclusions**

- 5.1 The Directorate will need to replace up to 65 front line vehicles in 2014/15 in order that Construction Services can continue to deliver a repairs and maintenance function.

## **6 Recommendations**

- 6.2 The Director of Environment and Housing to approve the injection of £1,147k into the Capital Programme to fund the purchase of 65 vehicles for Housing Leeds Construction Services. The injection will be funded through the projected surplus on the 2014/15 Housing Revenue Account.
- 6.3 The Director of Environment and Housing to approve the tender and award Authority to Spend (ATS) of up to £1.147m for the replacement of 65 service vehicles in 2014/15.

## **7 Background documents<sup>1</sup>**

- 7.1 Appendix 1 – List of Vehicles to be replaced. Shaded lease end dates are vehicles with extended leases at reduced rates and non-shaded are vehicles with extended leases at standard rates.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.